

Message Text

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TAGS: PFOR, US, ID

SUBJ: SUHARTO'S MEETING WITH PRESIDENT FORD - SUPPLEMENTARY
SUGGESTIONS

REF: A. JAKARTA 6465 B. JAKARTA 7409 C. JAKARTA 6962

D. JAKARTA 7474 E. JAKARTA 7486

1. THIS MESSAGE SUPPLEMENTS REFTEL A WITH ADDITIONAL
SUGGESTIONS RE SUBSTANCE SUHARTO-FORD MEETING JULY 5,
INCLUDING ADDITIONAL TOPICS WHICH MAY ARISE.

2. RELATIONS WITH U.S.:
INDONESIAN PREOCCUPATION AND DEBATE OVER FUTURE U.S.
ROLE IN SOUTHEAST ASIA CONTINUES. MOST RECENT
INDICATION IS FOREIGN MINISTER MALIK'S STATEMENT
BEFORE PARLIAMENT JUNE 18 (REF B). ON JUNE 16 MALIK
INFORMED AMBASSADOR THAT PRESIDENT SUHARTO HAD RECENTLY
SPOKEN TO CABINET ON U.S. RELATIONS, EXPRESSING HOPE
PRESIDENT FORD WOULD REAFFIRM THAT U.S. NOT BECOMING
ISOLATIONIST AND THAT U.S. ECONOMIC AND MILITARY AID
WOULD CONTINUE. AS SUGGESTED IN REFTEL, REASSURANCES
TO INDONESIA SHOULD BE IMPORTANT PART OF CAMP DAVID
CONVERSATIONS. GIVEN INDONESIAN TENDENCY SOMETIMES TO
READ MORE INTO WORDS THAN MAY BE INTENDED,
REASSURANCES SHOULD BE REALISTIC IN TERMS OF WHAT WE

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CAN ACTUALLY DELIVER.

3. ECONOMIC ASSISTANCE:

WE ANTICIPATE SUHARTO WILL REACH CAMP DAVID EVEN MORE CONCERNED ABOUT INDONESIA'S ECONOMIC PROBLEMS THAN EARLIER CABLE IMPLIES. AS REPORTED IN JAKARTA'S 6626, FULL IMPLICATION OF PERTAMINA PROBLEM, INFLATION, AND COST OVERRUNS ON MAJOR PROJECTS NOW MANIFESTING THEMSELVES AND INDONESIAN RESERVES FOR NEXT THREE YEARS WILL BE CONSIDERABLY LESS THAN ANTICIPATED IN WORLD BANK REPORT. THIS ANALYSIS CONFIRMED BY KUHN LOEB REPS JUNE 20. PRESIDENT AND MEMBERS HIS PARTY WILL WISH ASCERTAIN INTEREST OF US IN SUPPORTING WORLD BANK CONCLUSIONS THROUGH ECONOMIC AID IN FUTURE YEARS AND IN CONTINUING ROLE IN IGGI. EXIM CONTRIBUTION, WHICH NOW EXCEEDS \$200 MILLION IN DIRECT CREDITS, SHOULD ALSO BE MENTIONED. ON PLUS SIDE OF LEDGER, INDONESIA HAS NOW RECEIVED FROM SAUDI ARABIA FIRST ASSURANCES OF ARAB ECONOMIC HELP (REF C).

4. MILITARY ASSISTANCE:

REQUEST FOR CONTINUING MILITARY ASSISTANCE IS CERTAIN TO BE PART OF SUHARTO'S PRESENTATION. WHILE SUHARTO MAY NOT BE SPECIFIC IN HIS REQUEST, OUR INFORMATION SUGGESTS INDONESIA MOST INTERESTED IN NAVY AND AIR FORCE EQUIPMENT THEY FEEL NEEDED FOR SURVEILLANCE OF SEA AND AIR APPROACHES AND TO PREVENT INFILTRATION OF SUPPLIES TO INSURGENT FORCES. SUCH ITEMS AS FRIGATE-SIZE SHIPS, SMALLER PATROL CRAFT, HELICOPTERS AND AIR SURVEILLANCE RADAR WOULD BE HIGH ON THEIR PRIORITY LISTS. EQUIPMENT TO SUPPORT GROUND OPERATIONS WOULD PROBABLY INCLUDE COMMUNICATIONS EQUIPMENT, TRANSPORT AIRCRAFT (C-130), OV10 AIRCRAFT, V150 ARMORED CARS (AS FOLLOW-ON TO SUCH EQUIPMENT RECENTLY RECEIVED OR CONTRACTED FOR). ALSO, HE MAY SUGGEST ASSISTANCE IN ESTABLISHING A NEW SMALL ARMS MANUFACTURING CAPABILITY (M-16 OR EQUIVALENT) AND PROCUREMENT OF NEW ARTILLERY PIECES (105 HOWITZERS) TO REPLACE OBSOLETE WEAPONS ON HAND. SUHARTO MAY WELL EMPHASIZE URGENCY (FROM GOI POINT OF VIEW) OF OV10, V150 ARMORED CARS AND COMMUNICATION EQUIPMENT NOW UNDER PROCUREMENT ARRIVAL IN INDONESIA PRIOR TO THE 1977

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NATIONAL ELECTIONS. ON BASIS REFERENCES DURING TALKS WITH HABIB, SUHARTO MAY ALSO ANTICIPATE SOME EXCESS EQUIPMENT WILL BE AVAILABLE FROM VIETNAM. PROVISION OF SUCH EQUIPMENT, EVEN ON LIMITED SCALE, WOULD BE MUCH APPRECIATED BY INDONESIANS.

5. ASEAN:

IN ANTICIPATION POSSIBLE SUMMIT OF ASEAN LEADERS,

SUHARTO MAY SEEK FROM PRESIDENT FORD STATEMENT OF US ATTITUDE TOWARD ASEAN. IN SUCH CASE WE SUGGEST PRESIDENT RESPOND, EMPHASIZING US INTEREST IN REGIONAL COOPERATION, KEEPING IN MIND THAT SUHARTO MAY USE STATEMENT IN MEETING WITH OTHER ASEAN LEADERS. WE SHOULD BE CAUTIOUS IN USING TERMS "SUPPORT FOR ASEAN" SINCE THIS COULD BE READ IN TERMS OF MATERIAL AID TO ASEAN OF TYPE AUSTRALIANS AND OTHERS NOW PROVIDING. TRADE ACT PROBLEM ALSO FRUSTRATES FULL US RELATIONS WITH ASEAN GROUP.

6. ENERGY:

INDONESIANS SHOULD NOT LEAVE WASHINGTON WITHOUT AWARENESS OF STRENGTH OF OUR FEELING ON OIL PRICES. SINCE MANY OTHER SUBJECTS TO BE DISCUSSED BETWEEN TWO PRESIDENTS THIS VIEW COULD PERHAPS BE CONVEYED BY SECRETARY KISSINGER TO MALIK AND IN WHATEVER MEETINGS ARE ARRANGED FOR WIDJOJO (REF D). US SIDE SHOULD ALSO BE PREPARED RESPOND TO QUESTIONS ON LNG IMPORT POLICY.

7. NIEO:

WE HAVE ALREADY SUGGESTED THAT THIS ISSUE BE RAISED WITH WIDJOJO . WE BELIEVE IT WOULD ALSO BE USEFUL FOR SECRETARY KISSINGER TO EXPLAIN OUR VIEWS AND OUR LIMITATIONS IN THIS AREA TO MALIK.

8. CHINA:

THOSE PREPARING FOR MEETING SHOULD BE AWARE OF CURRENT DEBATE IN INDONESIA ON PEOPLE'S REPUBLIC (REF E). GIVEN DIFFERENCES OF VIEW BETWEEN MALIK AND MILITARY, INCLUDING POSSIBLY PRESIDENT SUHARTO HIMSELF, WE SHOULD BE CAUTIOUS ABOUT ANY STATEMENTS WHICH MIGHT BE USED WITHIN INTERNAL INDONESIAN DEBATE. BEST LINE TO TAKE IS THAT THIS IS MATTER FOR EACH COUNTRY TO DECIDE IN LIGHT
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ITS OWN INTERESTS.
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